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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2011 AND ENDING 12/31/2011
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: SCF Securities, INC.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
155 East Shaw Avenue, Suite 102

OFFICIAL USE ONLY
FIRM I.D. NO.

Fresno California 93710
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Michael O. Brown (404) 303-8840
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LaVine & Associates CPA's, Inc.

(Name - if individual, state last, first, middle name)

26691 Plaza Drive, Suite 222 Mission Viejo California 92691
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.



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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

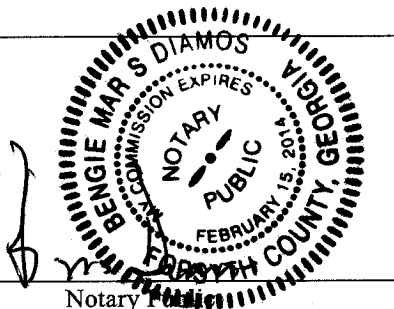
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OATH OR AFFIRMATION

I, Michael O. Brown, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of SCF Securities, INC., as of 12/31/2011, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

NONE



Michael O. Brown

Signature

CFO/FINOP

Title

This report ** contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☒ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☒ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☒ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

****For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

SCF SECURITIES, INC.

Financial Statements

December 31, 2011 and 2010



Certified Public Accountants, Inc.

INDEPENDENT AUDITOR'S REPORT

Board of Directors
SCF Securities, Inc.
Fresno, California

We have audited the accompanying statements of financial condition of SCF Securities, Inc. as of December 31, 2011 and 2010, and the related statements of income, changes in stockholder's equity and cash flows for the years then ended that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SCF Securities, Inc. as of December 31, 2011 and 2010, and the results of its operations and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information contained in Schedules I, II, and III required by Rule 17a-5 under the Securities Exchange Act of 1934 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Mission Viejo, California
February 16, 2012

LaVine & Associates CPAs, Inc.

SCF SECURITIES, INC.
Statements of Financial Condition
December 31, 2011 and 2010

ASSETS

	<u>2011</u>	<u>2010</u>
Cash and cash equivalents	\$ 550,176	\$ 569,768
Concessions receivable	148,468	134,702
Due from affiliates	194,936	-
Leasehold improvements	-	43,089
Prepaid expenses and other assets	<u>21,861</u>	<u>36,154</u>
Total Assets	<u>\$ 915,441</u>	<u>\$ 783,713</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

Commissions payable	\$ 69,087	\$ 95,509
Accrued expenses	23,221	31,566
Due to affiliates	-	50,203
Income taxes payable - Note 3	<u>800</u>	<u>800</u>
Total Liabilities	<u>93,108</u>	<u>178,078</u>

STOCKHOLDER'S EQUITY

Common stock, no par value, 1,000,000 shares authorized, 2,000 shares issued and outstanding	560	560
Additional paid-in capital	238,037	52,600
Retained Earnings	<u>583,736</u>	<u>552,475</u>
Total Stockholder's Equity	<u>822,333</u>	<u>605,635</u>
Total Liabilities and Stockholder's Equity	<u>\$ 915,441</u>	<u>\$ 783,713</u>

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Statements of Income
For The Years Ended December 31, 2011 and 2010

	2011	2010
Revenue		
Concessions	\$ 2,880,511	\$ 3,053,457
Interest and dividend income	2,810	4,161
Other income	18,268	78,238
Total Revenues	<u>2,901,589</u>	<u>3,135,856</u>
Expenses		
Commission expenses	2,010,791	2,208,764
Salaries	666,772	653,012
Rent	44,484	65,968
Other operating expenses	505,306	678,125
Reimbursed expenses	(372,825)	(367,572)
Total Expenses	<u>2,854,528</u>	<u>3,238,297</u>
Income (Loss) before Provision for Income Taxes	<u>47,061</u>	<u>(102,441)</u>
Income tax provision - Current	800	2,799
Income tax provision - Deferred	15,000	(35,000)
Total Provision for Income Taxes	<u>15,800</u>	<u>(32,201)</u>
Net Income (Loss)	<u><u>\$ 31,261</u></u>	<u><u>\$ (70,240)</u></u>

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Statements of Changes in Stockholder's Equity
For The Years Ended December 31, 2011 and 2010

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance - December 31, 2009	560	\$ 52,600	\$ 622,715	\$ 675,875
Net loss	<u>-</u>	<u>-</u>	<u>(70,240)</u>	<u>(70,240)</u>
Balance - December 31, 2010	560	52,600	552,475	605,635
Capital contributed	-	185,437	-	185,437
Net income	<u>-</u>	<u>-</u>	<u>31,261</u>	<u>31,261</u>
Balance - December 31, 2011	<u>560</u>	<u>\$ 238,037</u>	<u>\$ 583,736</u>	<u>\$ 822,333</u>

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Statement of Changes in Cash Flows
For The Years Ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Cash Flows From Operating Activities:		
Net income (loss)	\$ 31,261	\$ (70,240)
Adjustments to reconcile net (loss) income to net cash and cash equivalents provided by (consumed) in operating activities:		
(Increase) decrease in:		
Concessions receivable	(13,766)	(85,755)
Prepaid expenses	14,293	27,955
(Decrease) increase in:		
Accrued expenses	(8,345)	12,311
Commissions payable	(26,422)	51,457
Total Adjustments	(34,240)	5,968
Net cash and cash equivalents consumed by operating activities	(2,979)	(64,272)
Cash Flows From Investing Activities		
Purchase of leasehold improvements	-	(43,089)
Reclass of leasehold improvements to rent	43,089	-
Net cash consumed by investing activities	43,089	(43,089)
Cash Flows From Financing Activities:		
Conversion of debt to capital	185,437	-
Transactions with affiliates	(245,139)	74,312
Net cash and cash equivalents provided in financing activities	(59,702)	74,312
Net decrease in cash and cash equivalents	(19,592)	(33,049)
Cash and Cash Equivalents at Beginning of Year	569,768	602,817
Cash and Cash Equivalents at End of Year	<u>550,176</u>	<u>569,768</u>
Supplemental disclosure of cash flow information:		
Interest	-	-
Income taxes	<u>\$ 800</u>	<u>\$ 1,999</u>

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Notes to Financial Statements
For The Years Ended December 31, 2011 and 2010

NOTE 1 - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

SCF Securities, Inc. (the "Company") was incorporated in the State of Arizona on May 19, 1998, under the name Securities Consultants Financial Securities, Inc. The Company changed its name to SCF Securities, Inc. on December 6, 2000. The Company is a fully disclosed broker/dealer, whereby it does not hold customer funds or securities, registered under the Securities and Exchange Act of 1934, as amended. The Company is a member of the Financial Industry Regulation Authority ("FINRA") and the Securities Investor Protection Corporation ("SIPC").

The Company is a wholly owned subsidiary of SCF Holdings, Inc. (the "Parent").

The Company primarily sells mutual funds, fixed and variable annuities, and life insurance, but also introduces general securities transactions to a clearing firm which carries customer accounts on a fully disclosed basis. The Company has over 100 brokers with no one broker contributing an undue concentration of risk.

Summary of Significant Accounting Principles

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

For purposes relating to the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Company also includes money market accounts as cash equivalents.

Concessions are received as compensation for services and are recorded when orders are placed or reinvestments are recorded. Concessions are recorded on the trade date basis. Corresponding expenses are also recorded in the period they are incurred.

The Company is reimbursed by its brokers for license fees and insurance expenses incurred by the Company on their behalf. For the years ended December 31, 2011 and 2010, the Company was reimbursed \$372,825 and \$367,572 respectively, for licenses and insurance and these amounts are included in the Statement of Income.

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Notes to Financial Statements
For The Years Ended December 31, 2011 and 2010

**NOTE 1 - GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Current income taxes are provided for estimated taxes payable or refundable based on tax returns filed on the cash basis of accounting. Deferred income taxes are recognized for the estimated future tax effects attributable to temporary differences in the basis of assets and liabilities for financial and tax reporting purposes. Measurement of current and deferred tax assets and liabilities are based on provisions of enacted federal and state tax laws.

NOTE 2 - INCOME TAXES

As discussed in Note 1, the Company is a wholly owned subsidiary of SCF Holdings, Inc., and is included in the consolidated income tax returns filed by its Parent. A portion of the consolidated income tax liability is allocated to the Company as if the Company had filed separate income tax returns. For the year ended December 31, 2011, the current income tax provision consists of a state liability of \$800. For the year ended December 31, 2010, the current income tax provision consists of a state liability of \$2,799.

A deferred tax asset in the amount of \$35,000 was recorded as of December 31, 2010, in connection with the future tax benefit that will be utilized from the current year's net operation loss. For the year ended December 31, 2011, the deferred tax asset was reduced by \$15,000 to reflect the current benefit of utilizing the prior year net operating loss.

The Company recognizes the accrual of any interest and penalties related to unrecognized tax benefits in income tax expense. No interest or penalties were recognized for the years ended December 31, 2011 and 2010. The Company does not have any tax positions at the end of the year for which it is reasonably possible that the total amount of unrecognized tax benefits will significantly increase or decrease within twelve months of the reporting date.

The Company is no longer subject to federal or state examinations by taxing authorities for the years before 2007.

NOTE 3 - RELATED PARTY TRANSACTIONS

As of December 31, 2010, the Company owed advances from related parties in the amount of \$50,203. For the year ended December 31, 2011, the Company had net receivables from related parties in the amount of \$194,936.

During December 2011, the Company, pursuant to a resolution by the Board of Directors, converted \$185,437 that was owed to an affiliate, to additional paid-in capital.

The accompanying notes are an integral part of the financial statements.

All lending between the Company and affiliated companies are unsecured, non-interest bearing, and due on demand.

The Company shares its office space with affiliated entities. In December 2010, the Parent renegotiated the office lease and the office was relocated to its new location for a six year term commencing January 1, 2011. The Company paid for tenant improvements in the amount of \$43,089 in connection with the new lease terms. This amount was in lieu of rent for 2011. The \$43,089 was expensed during the year ended December 31, 2011. Beginning January 2012 through the remainder of the lease term (December 2016), the lease amount of \$10,465 is due per month (\$125,580 annually) in connection with this lease.

During 2011, the Company entered into an expense allocation agreement with its affiliated entities with respect to certain common expenses (Salaries, Marketing, Consulting, General Office and Insurance). For the year ended December 31, 2011, expenses in the amount of \$202,905 were allocated to these affiliated entities.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

The Company maintains several bank accounts at financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2011 and 2010, the Company had deposits with financial institutions with uninsured cash balances totaling \$285,651 and \$282,838, respectively. The Company has not experienced any losses in such accounts and management believes it places its cash on deposit with financial institutions which are financially stable.

NOTE 5 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Net capital and aggregate indebtedness change day-to-day, but on December 31, 2011 the Company's net capital of \$603,985 exceeded the minimum net capital requirement by \$597,778, and the Company's ratio of aggregate indebtedness (\$93,108) to net capital was .15. As of December 31, 2010, the Company's net capital of \$516,671 exceeded the minimum net capital requirement by \$504,799, and the Company's ratio of aggregate indebtedness (\$178,078) to net capital was .34:1.

NOTE 6 - RETIREMENT PLANS

The Company sponsors a 401(k) plan. Employer contributions were \$21,186 and \$17,975 for the years ended December 31, 2011 and 2010, respectively.

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
 Computation of Net Capital Requirements Pursuant to Rule 15c3-1
 As of December 31, 2011 and 2010

Schedule I

COMPUTATION OF NET CAPITAL

	2011	2010
Common Stock	\$ 560	\$ 560
Additional paid-in capital	238,037	52,600
Retained earnings	583,736	552,475
Total Stockholder's Equity	822,333	605,635
LESS: NON-ALLOWABLE ASSETS		
Prepaid expenses	(21,862)	(36,154)
Leasehold improvements	-	(43,089)
Receivables	(196,486)	(9,721)
Total Adjustments	(218,348)	(88,964)
Net Capital	\$ 603,985	\$ 516,671

COMPUTATION OF NET CAPITAL REQUIREMENTS

Minimum net capital requirements 6-2/3% of net aggregate indebtedness	\$ 6,207	\$ 11,872
Minimum dollar net capital required	\$ 5,000	\$ 5,000
Excess net capital	\$ 597,778	\$ 504,799

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total liabilities (from balance sheet)	\$ 93,108	\$ 178,078
Ration of aggregate indebtedness to net capital	0.15	0.34

RECONCILIATION

The following is a reconciliation as of December 31, 2011 and 2010 of the above net capital computation with the Company's corresponding unaudited computation pursuant to Rule 17a-5(d)(4):

Net Capital - Company's computation	\$ 419,348	\$ 548,042
Reconciling items:		
Accrued expenses	-	(30,586)
Conversion of debt to equity	185,437	-
Income tax provision	(800)	(800)
Due to/from affiliates	-	15
Net Capital	\$ 603,985	\$ 516,671

The accompanying notes are an integral part of the financial statements.

SCF SECURITIES, INC.
Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3
As of December 31, 2011 and 2010

A computation of reserve requirement is not applicable to SCF Securities, Inc. as the Company qualified for exemption under Rule 15c3-3 (k)(2)(ii).

SCF SECURITIES, INC.

Information Relating to the Possession or Control
Requirements Under Rule 15c3-3

As of December 31, 2011 and 2010

Information relating to possession or control requirements is not applicable to SCF Securities, Inc. as the Company qualified for exemption under Rule 15c3-3 (k)(2)(ii).



Certified Public Accountants, Inc.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL STRUCTURE REQUIRED BY SEC RULE 17a-5**

**Board of Directors
SCF Securities, Inc.
Fresno, California**

In planning and performing our audits of the financial statements and supplemental schedules of SCF Securities, Inc., as of and for the years ended December 31, 2011 and 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's previously mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control and the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A material weakness is a deficiency, or combination of significant deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the company's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report, were adequate at December 31, 2011 and 2010 to meet the SEC's objectives.

This report is intended solely for the information and use of management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities and Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be, and should not be used for any other than these specified parties.

LaVine & Associates CPAs, PC.

Mission Viejo, California
February 16, 2012

SCF SECURITIES, INC.
Independent Accountant's Report
Applying Agreed-Upon Procedures Related to
an Entity's SIPC Assessment Reconciliation
December 31, 2011



Certified Public Accountants, Inc.

**Independent Accountant's Report
Applying Agreed-Upon Procedures Related to
an Entity's SIPC Assessment Reconciliation**

To the Board of Directors
SCF Securities, Inc.
Fresno, California

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the accompanying General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year ended December 31, 2011, which were agreed to by SCF Securities, Inc. and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC and solely to assist you and the other specified parties in evaluating SCF Securities, Inc. compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7).

SCF Securities, Inc. management is responsible for the SCF Securities, Inc. compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries (General Ledger) noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year ended December 31, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year ended December 31, 2011, noting no differences.
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and working papers noting no differences;
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7 noting no differences; and
5. Compared the amount of any overpayment applied to the current assessment with the Form SIPC-7 on which it was originally computed noting no differences.

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We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

La Vine & Associates CPAs, Inc.

February 16, 2012
Mission Viejo, California